

Fischer & Porter Limited Pension and Life Assurance Fund

Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 31 December 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

Investment Objectives of the Fund

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Fund included in the SIP are as follows:

- To achieve a return in excess of the liabilities, as measured on a low risk basis, and commensurate with the level of risk inherent in the investment strategy;
- To ensure that the Fund can meet its obligations to the beneficiaries;
- To provide protection for members' accrued benefits.

Policy on ESG, Stewardship and Climate Change

The Fund's SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship (including engagement activities) and climate change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship.

As set out in the Fund's SIP, the Trustees have given the appointed Investment Manager full discretion when evaluating ESG factors, including climate change considerations, and in exercising voting rights and stewardship obligations attached to the Fund's investments, in accordance with the Investment Manager's own corporate governance policies and taking account of current best practice. Given the Fund's assets are invested in government and corporate bonds (on a passive basis) and money market instruments, there is limited scope for implementing these issues within the Fund's investments. The Trustees will ask the Investment Manager to report on engagement activities on a periodic basis.

In addition, the Trustees consider how ESG, climate change and stewardship are integrated within investment processes when monitoring the Investment Manager, although take note of the limitations given the investment strategy in place.

The following section outlines the work that was undertaken during the year to 31 December 2020 relating to the Trustees' policy on ESG factors, stewardship and climate change, and sets out how the Trustees' engagement and voting policies were followed and implemented during the year. The policy objectives previously set out were therefore successfully achieved.

The Trustees last reviewed their policy on ESG factors, stewardship and climate change in July 2020, as part of the formal review of the SIP.

Engagement

- Through their investment consultant, Mercer Limited, the Trustees review the mandates of Legal and General Investment Management ("LGIM") in relation to ESG factors, including climate change, on an ongoing basis. This is carried out primarily through the investment consultant's ESG ratings, regarding which the Trustees receive notification of any changes.
- Passive corporate bonds and gilt investments are not assigned ESG ratings by the investment consultant due to the limited scope for ESG within these asset categories.
- The Trustees have requested, via their investment consultant, that the Investment Manager confirm compliance with the principles of the UK Stewardship Code. The Investment Manager confirmed that they are signatories of the current UK Stewardship Code and plan to submit the required reporting to the Financial Reporting Council by 31 March 2021 in order to be on the first list of signatories for the UK Stewardship Code 2020 that took effect on 1 January 2020.
- The Trustees also received details of relevant engagement activity for the year from the Fund's Investment Manager.
 - LGIM engaged with companies over the year on a wide range of different issues including ESG factors. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (i.e. those linked to the Paris agreement).
 - LGIM provided the ESG impact reports over 2020, with examples of instances where they had engaged with companies which they were invested in (or were about to invest in) which resulted in a positive outcome. These engagement initiatives are driven mainly through regular engagement meetings with the companies that LGIM invest in or by voting on key climate-related resolutions at companies' Annual General Meetings. The resolutions are often co-filed by a number of

investors who indicate whether or not they support the resolution to the company's management.

Voting Activity

The Trustees do not use the direct services of a proxy voter, although the Investment Manager may employ the services of proxy voters in exercising their voting rights on behalf of the Trustees.

For the purpose of this statement, the Trustees have asked the Investment Manager to highlight key voting activity and the impact on the Fund. The Investment Manager is only able to provide voting information on equity funds or the equity portion of multi-asset funds. The Fund only invested in this type of assets for the first 8 days of the year through the investment in the LGIM Diversified Fund.

Over the year to 31 December 2020, for the Diversified Fund, there were 12,317 meetings eligible to vote at over the year, in which there were a total of 121,670 resolutions. LGIM voted on 98.47% of resolutions on which they were eligible, voting with management 82.19% of the time. LGIM have noted no significant voting activity during this period.

Additional Voluntary Contributions ("AVC")

During the year to 31 December 2020, there were no AVCs included in the Fund's assets.